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On the Occasion of the Price Awarded by the Resarch Network of the Statutory Pension Scheme

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Location: Munich

On the Occasion of the Price Awarded by the Resarch Network of the Statutory Pension Scheme (“Forschungsnetzwerk Alterssicherung, FNA”) to Dr. Jörg Adam on December 3, 2009 in Berlin

The Constitutional Protection of Pension Claims

Author: Dr. Jörg Adam

Location: Berlin

The dissertation deals with the protection of pension claims according to article 14 of the Basic Constitutional Law (“Grundgesetz”).

The author discusses the problems arising from the classification of pension claims as property in the sense of article 14 of the Basic Constitutional Law, such as the legitimacy of pension cuts, the scope of protection for reliance on existing law, and the principle of proportionality (“Verhältnismäßigkeitsgrundsatz”).

Eldery Persons in Germany: Disposable Income and Resource Use

Authors: Ulrich Bieber, Dr. Michael Stegmann

Locations: Rheinbach, Würzburg

The debate on the economic situation of eldery persons and, especially, of pensioners has turned out to be a socio-political “building site”. The article updates the examination on the basis of the socioeconomic panel (SOEP) which reflects the income situation of eldery persons as compared to the general distribution of income. As an example, low pension adjustments lead to a decline of the relative income position of pensioners only, when the income situation of younger groups of persons improves due to wage increases or new chances of employment. The development of other income components is relevant, too. Furthermore, structural factors play a significant role because the composition of the relevant group changes constantly. All things considered, the factors of influence are so complex that the development of the relative income situation of eldery persons in the last years cannot be estimated ad hoc, still, analyses are worthwile.

The authors complement their examination by analysing the savings behaviour as well as voluntary transfer payments. Last but not least, they describe the parameters that coin the conception of the minimum living standard in society, both for the young and the aged.

As a result, a particular precarious income development among the eldery population cannot be attested. On the contrary, the income situation of elderly persons is comparatively good. The examination of relevant living standard features puts the situation of senior citizens in a comparatively positive light.

Future Old-Age Pensions and the Change of Employment Biographies

...A Microsimuation Study for Germany

Authors: Johannes Geyer, Professor Dr. Viktor Steiner

Location: Berlin

The authors analyse future old-age pensions of the birth cohorts between 1937 and 1971 on the basis of a mikrosimulation model and of an integrated database provided by the statutory pension scheme and by the socioeconomic panel. The microsimulation model reflects changes in the employment behaviour due to the demographic development and in the context of longterm pension reforms. It considers the effects of the raising of the retirement age and of the decline in the replacement rate imposed by the sustainability factor in the pension adjustment formula. The simulation results reveal that the labour market development since the German reunification and the latest pension reforms will have a significant implication on the pension claims, especially for the younger birth cohorts.

The results show that there are significant differences between the Old and New Laender, but also between men und women and between persons with different educational attainment. Provided the unfavourable development of the employment market after the German reunification persists, the decline of the pension claims of younger birth cohorts in the New Laender will be dramatic. If the situation on the employment market improves the decline of pensions of the younger birth cohorts in the New Laender will be damped but still existing.

Operational Consulting on Demography

...The Results of the Project “Generational Management in the Working Life” ("Generationenmanagement im Arbeitsleben – GeniAL”) Car-ried out by the Statutory Pension Scheme

Authors: Dr. Christina Stecker, Alexander Kühl, Dr. Ralph Conrads

Locations: Berlin, Stadtbergen

In the next decade a positive development of the employment market and a slight increase of the labour supply can be expected. However, as of 2020, the demographic development will lead to a decline of labour supply in many regions. Until then, the demographic development will first and foremost influence the average age of the personnel. Consequently, occupational measures should focus on the aspect of an aging workforce.

Even though occupational measures are necessary, only a few companies have initiated appropriate structural changes. According to a recent survey (“IAB-Betriebspanel”), 60 percent of the companies in Germany state that they do not have a personnel problem; only 3 percent of the polled companies addressed the problem of aging personnel. Though, this per-ception varies depending on the size of the companies: Only 1 percent of the companies with less than 10 employees address the problem of aging personnel. This share increases continuously according to the size of the companies up to 30 percent of the companies with more than 250 employees. The same applies to the recruitment of specialized staff. This problem was addressed by 8 percent of the small companies, but by 60 percent of the bigger companies.

However, the agerelated loss of long-term specialized employees in combination with a partial shortage of skilled labour and regional recruitment problems has not yet led to a reinforcement of advanced occupational training of elderly employees as an adequate countermeasure. As far as small and midsized companies are concerned, it is to be assumed that this is due to trends of pertinacity and to a lack of knowledge regarding the need for action and coping strategies. In this context it is essential to record the potentials of the company´s aging workforce more precisely. Persistent sensitization and interchange of ideas are neccessary to reach the turning point in the occupational perception of neccessities and opportunities to shape the demographic change. The project GeniAL offers both. The occupational sensitization regarding the aging of personnel as well as the competency development con-cerning the analysis and the implementation of aging, health, and knowledge management (i. e. generational management) provided as part of the project GeniAL, are subject to on-going quality assurance.

Based on the experience gained in the project GeniAL the authors recommend the extension of consulting services to guarantee an appropriate standard of occupational consulting in the field of demography.

Deductions from Long-Term Incapacity Benefits – Constitutional Aspects

Author: Thorsten Koop

Location: Berlin

The Constitutional Court (“Bundesverfassungsgericht – BVerfG”) will have to decide about constitutional complaints (“Verfassungsbeschwerden”) regarding deductions from longterm incapacity benefits.

The complainants object to two rulings of the Federal Social Court ("Bundessozialgericht – BSG") and to section 77 paragraph 2 sentence 1 no. 3 of the Social Code VI ("Sechstes Buch Sozialgesetzbuch – SGB VI") as amended by the pension amendment of December 20, 2000 ("Gesetzes zur Reform der Rente wegen verminderter Erwerbsfähigkeit – EM-ReformG") with effect from January 1, 2001.

The article describes section 77 paragraph 2 sentence 1 no. 3 of the Social Code VI as a sub-constitutional law. Subsequently, he examines the constitutionality of the legal provision under particular consideration of article 14 (principle of the preservation of property), article 3 paragraph 1 (principle of equality), and article 3 paragraph 3 sentence 2 (prohibition of discrimination of disabled persons) of the Basic Constitutional Law ("Grundgesetz"), and on the principle of protection for reliance on existing law ("Grundsatz des Vertrauensschutzes").

Longterm Incapacity Benefits in the European Neighbouring Countries

Author Dr. Bernd Schulte/Location: Munich

From the historical perspective the term „invalidity" relates to a decline in income that is meant to be compensated. The term is used in international provisions, e. g. in the Convention No. 152 concerning Minimum Standards of Social Security enacted by the General Conference of the International Labour Organisation ("Übereinkommen Nr. 102 der Internationalen Arbeitsorganisation über Mindestnormen der sozialen Sicherheit von 1952"). However, benefits granted in case of longterm incapacity have different goals: They are supposed to compensate the beneficiary for a decline in income, provide adequate replacement earnings, or guarantee a minimum living wage.

The benefits vary from country to country, regarding personal scope, eligibilty criteria, „generosity" of benefits, rehabilitation and reintegration, (financial) structure of other protection systems (interconnection between benefit systems covering sickness, unemployment, and old-age), and, last but not least, the effectiveness to prevent discrimination against disabled persons.

The reform measures taken in the Netherlands since the 80s (restriction of replacement earnings, restrictive definition and handling of eligibilty criteria, and relevance of the remaining employability on the so called "general employment market") were important steps to limit the number of long-term incapacity benefits and, thereby, alleviate the so called "Dutch Disease". The tightening of prerequisites in the sense of a concentration on medical criteria was another measure to limit the number of beneficiaries.

Yet it must be taken into consideration that the situation on the employment market is one of the most important economic factors with relevance for the intregration of disabled persons. A policy focusing on activation instead of annuitization must concentrate its attention on the integration of disabled persons into the employment market. This is in accordance with the remaining employability on the so called "general employment market" as a prerequisite for a long-term incapacity benefit, and with the limitation or even abolition of pensions owing to vocational disability. The increasing involvement of employers in the fields of prevention and rehabilitation is justified, because the working environment (design of the workplace, behaviour of the employer) has a significant impact regarding the causation of invalidity. Last but not least, gender aspects and the European development must be considered.

The New Old-Age Provision in Sweden in the Global Financial Crises – Partially Crisis-Proof?

Author: Dr. Peter A. Köhler

Location: Munich

The fundamental reform of the statutory pension system Sweden passed at the turn of the millenium set a unique example of the ability to change an established institution in a democratic and rational process. The system intends to guarantee sustainability by means of automatic selfregulation in accordance with economic and demographical changes. However, the global financial crisis which began in 2008 showed that the Swedish system is not totally "immune" against external global effects – although (or because?) it is committed to the capital market. On the basis of the Swedish experience it appears that such an "immunization" is beyond the potential of a national legislator.

Obligatory Privately Funded Old-age Provision in Central and Eastern Europe

Author: Dr. Wolfgang Schulz-Weidner

Location: Brussels

The pension reforms implemented in most of the „new" member states followed, by and by, the World Bank model. This model has been put into practice in Chile for the longest time. This development has two consequences: Future generations of pensioners will receive a bigger share of their income out of capital funded systems, and a smaller share out of pay-as-you-go systems. The second effect is comparably important: An attempt to establish occupational pension schemes on a large scale and with involvement of the social partners, following the example of "old Europe", is not even made. Instead, obligatory, but mere private solutions are targeted. However, this does, by no means, answer all questions.

The emerging solutions vary in almost all imaginable components, and the development has not yet ended. On the contrary: It is in a constant state of flux, and the direction can hardly be anticpated. Therefore, Sweden is included in the assessment, even though it has a strong second tier of pension provision. Slowenia´s pension system, on the other hand, is so consonant with the German "Riester-pension" (government subsidized retirement accounts) that it tends not to be mentioned in the same breath as Poland or Slovakia. All in all, actually no one can allude to a standardized model.

Based on potential parameters of the systems, the author analyses the solutions and answers found by the respective nations.

The Pension Reform in Poland

...Has the Conversion into a Partial Funding System Been Successful?

Author: Dr. Joanna Ratajczak-Tuchołka

Location: Poznań

The pardigm-shift in the field of old-age provision is not only a German issue. Poland has reformed its pension system fundamentally, too: In 1999, the benefit-defined pay-as-you-go system was substituted by system combining pay-as-you-go and (obligatory) capital funded elements. After ten years, it is possible to take stock. The article particularly addresses to the consequences of the implementation of an obligatory (partial) funding system.

Old-age Provision in the 21st Century and Research on the Basis of Micro-Data

...Between Individual Pension Provision Behaviour and Legal Framework a

Authors: Professor Dr. Uwe Fachinger, Associate Professor Dr. Ralf K. Himmelreicher, Uwe G. Rehfeld

Locations: Vechta, Berlin

Conference proceedings of the workshop held at the Hanse Wissenschaftskolleg in Delmenhorst on January 7/ 8, 2010